

U. S. Tobacco Import Update

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Abstract: U.S. imports (arrivals) of foreign-grown leaf and stems rose from 474 million pounds in 1998/99 (July-June) to 516 million pounds during 1999/2000 (July/June), a gain of 9 percent. Much of the advance was in Oriental, stemmed flue-cured, and other stemmed and unstemmed leaf, which is largely burley. During the same period, imports for consumption of leaf and stems also declined 9 percent. Use of foreign-grown flue-cured, burley, and Oriental tobaccos rose during this period, and foreign stocks were depleted. Lower cigarette output may dampen next year's imports, although the proportion of foreign-grown leaf used in cigarette production may not change much. Under the tariff-rate quota currently in place, imports of leaf are not severely restricted.

Keywords: Imports, arrivals, Oriental, flue-cured, burley, TRQ.

Introduction

This article updates articles published annually in the September 1992-99 issues of the *Tobacco Situation and Outlook* report.

Arrivals, or general imports of foreign-grown leaf and stems rose from 474 million pounds in 1998/99 (July-June) to 516 million pounds during 1999/2000 (July/June), a gain of 9 percent. Much of the advance was in Oriental, stemmed flue-cured, and other stemmed and unstemmed leaf, which is largely burley. During the same period, imports for consumption declined from 534 million pounds in 1998/99 to 485 million pounds in 1999/2000.

U.S. leaf imports for consumption had climbed from 413 million pounds in 1990 to more than 1 billion pounds in 1993. The main reason for this surge was the rising popularity in the United States and abroad for low- and mid-priced cigarette brands (discounts). Furthermore, U.S. exports were increasing rapidly, boosting demand for lower priced foreign leaf. To meet this demand, manufacturers imported an increasing amount of foreign tobacco. After imports reached 44 percent of domestic disappearance, Congress acted to restrict imports by implementing the Domestic Marketing Assessment (DMA).

The DMA was in effect from January 1, 1994, to September 13, 1995. If foreign leaf content of U.S. cigarettes exceeded 25 percent, a penalty was assessed on the manufacturer for calendar 1994 only. The DMA was eliminated on September 13, 1995, (retroactive to January 1, 1995), when President

Clinton proclaimed a tariff-rate quota (TRQ) for cigarette leaf tobacco, mainly flue-cured and burley. The proclamation also eliminated duties on Oriental and cigar wrapper, binder, and filler tobacco. Imports of cigarette leaf tobaccos, which exceed predetermined quota levels, will be subject to an import duty of 350 percent *ad valorem*. A draw back provision allows most of the duty to be refunded if the same leaf that is imported is re-exported as product.

Tariff-Rate Quota Activity

For the period September 13, 1999, through September 8, 2000, U.S. leaf imports within the TRQ totaled 174.7 million pounds. With less than a week left in the TRQ year (September 13-September 11), only 52.6 percent of the total quota allocation of 332.2 million pounds has been imported.

Under the TRQ, the volume of tobacco imports for consumption under nine harmonized tariff subheadings, primarily flue-cured and burley, during the period from September 13 in any year to September 11 of the following year, are restricted as shown in table A-1.

Despite Lower Imports, Use of Imported Leaf Rises Relative to Domestic Use

On a farm-sales weight basis, estimated U.S. use of imported flue-cured tobacco rose 6 percent from July-June 1998/99 to 1999/2000 (tables A-2 and A-3). However, since domestic disappearance slipped nearly 12 percent, the import share of total flue-cured use increased from 28.9 percent to 32.7 percent. During the same period, foreign-grown flue-cured stocks held by U.S. tobacco dealers and manufacturers fell 14 percent (table A-4).

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Table A-1—Imports under the tariff-rate quota for September 13, 1999 through September 11, 2000 1/

Country	1999/2000 quota	Imports through Sept 8	TRQ used
	Million lbs (declared weight)		Percent
Argentina	23.7	22.6	95.5
Brazil	176.8	95.5	54.0
Chile	6.1	0.0	0.0
EU	22.0	8.2	37.3
Guatemala	22.0	6.7	30.4
Malawi	26.5	17.7	66.8
Philippines	6.6	0.3	4.7
Thailand	15.4	11.9	76.9
Zimbabwe	26.5	5.2	19.6
Other 2/	6.6	6.6	100.0
Total	332.2	174.7	52.6

1/ U.S. Tariff Schedule line items subject to the tariff-rate quota (TRQ) includes flue-cured and light air-cured tobacco, including burley, which are used in the manufacture of cigarettes for consumption in the United States.

2/ A TRQ of 6.6 million pounds is available to all countries, other than the nine designated quota recipient countries and is allocated on a first come/first served basis.

Source: U.S. Customs Service.

Estimated use of burley imported leaf increased 3 percent from 1998/99 to 1999/2000. Projected domestic use slipped 12 percent and total use slipped 7 percent. The import share of total burley use rose from 33.7 to 37.5 percent. Foreign-grown burley stocks declined 4 percent from July 1, 1999, to July 1, 2000.

Based on arrival data (adjusted for stock changes), Oriental leaf use rose 40 percent in 1999/2000. Stocks on hand declined 21 percent from July 1, 1999, to July 1, 2000.

Cigar leaf imports (arrivals) fell 5 percent to 94.7 million pounds (farm-sales weight). Cigar leaf imports represented 78 percent of total cigar leaf disappearance (use) in the United States, about the same as last year. Total 1999/2000 imported cigar use was 103.2 million pounds, compared with 87 million pounds in 1998/99.

Table A-2—Estimated U.S. imports of flue-cured and burley tobacco, and domestic use, 1969-99 (farm-sales weight)

Year beginning July 1	Flue-cured				Burley			
	Imports 1/	Domestic disappear- ance	Total use	Imports share of total	Imports 1/	Domestic disappear- ance 2/	Total use	Imports share of total
		Million pounds		Percent		Million pounds		Percent
1969	5.7	645.9	651.6	0.9	3.3	507.1	510.4	0.6
1970	10.6	640.1	650.7	1.6	3.2	503.0	506.2	0.6
1971	11.2	662.5	673.7	1.7	4.6	515.2	519.8	0.9
1972	12.7	664.2	676.9	1.9	8.9	534.5	543.4	1.6
1973	20.4	703.4	723.8	2.8	30.7	533.1	563.8	5.4
1974	23.1	652.3	675.4	3.4	47.7	518.8	566.5	8.4
1975	24.4	670.6	695.0	3.5	46.7	510.1	556.8	8.4
1976	30.8	634.0	664.8	4.6	37.9	489.6	527.5	7.2
1977	55.0	608.2	663.2	8.3	65.4	494.8	560.2	14.7
1978	60.1	584.1	644.2	9.3	89.1	502.8	591.9	15.1
1979	84.8	563.1	647.9	13.1	113.6	498.5	612.1	18.6
1980	72.7	529.4	602.1	11.7	136.9	477.6	614.5	22.3
1981	63.3	488.8	552.1	11.5	109.7	463.9	573.6	19.1
1982	103.1	478.5	581.6	17.7	141.3	444.1	585.4	24.1
1983	94.4 3/	441.6	536.0	17.6	135.0 3/	388.7	523.7	25.8
1984	120.1 3/	454.2	574.3	20.9	163.8 3/	402.6	566.4	28.9
1985	151.0 4/	476.5	627.5	24.1	137.8 4/	425.0	562.8	24.5
1986	176.6 4/	479.6	656.2	26.9	120.4 4/	401.7	522.1	23.1
1987	209.7 4/	537.3	747.0	28.1	162.4 4/	478.1	640.5	25.4
1988	146.5 4/	522.1	668.6	21.9	117.9 4/	414.3	532.2	22.2
1989	109.0 4/	566.7	675.6	16.1	139.9 4/	445.7	585.6	23.9
1990	141.2 4/	609.0	750.2	18.8	134.9 4/	474.9	609.8	22.1
1991	137.6 4/	471.2	608.8	22.6	165.6 4/	432.2	597.9	27.7
1992	217.3 4/	508.7	726.0	29.9	178.8 4/	384.8	563.6	31.7
1993	193.3 4/	433.4	626.7	30.5	199.6 4/	389.4	589.0	33.3
1994	170.5 4/	569.3	739.8	23.0	161.0 4/	468.1	629.1	25.6
1995	162.5 4/	530.6	693.1	23.4	148.6 4/	386.1	534.7	27.8
1996	211.5 4/	556.1	767.6	27.6	206.4 4/	446.3	652.7	31.6
1997	226.5 4/	541.0	767.5	29.5	229.7 4/	379.2	608.9	37.7
1998	200.5 4/	492.1	692.6	28.9	178.9 4/	351.6	530.5	33.7
1999	211.6 4/	435.3	646.9	32.7	184.7 4/	308.2 5/	492.9	37.5

1/ Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1983), prorated according to reported stocks of imported flue-cured and burley. 2/ Marketing year beginning October 1. 3/ General imports adjusted for stock change. 4/ Volume inspected by Agricultural Marketing Service adjusted for stock change. 5/ Estimated.

Table A-3—Estimated disappearance of U.S.-grown and imported cigarette tobaccos, 1969-1999 (farm-sales weight)

Year beginning July 1	Domestic				Foreign-grown				Total disappear- ance	Foreign- grown
	Flue- cured	Burley 1/	Maryland	Total	Flue- cured 2/	Burley 2/	Oriental 3/	Total		
Million pounds										
1966	645.6	507.1	29.1	1,182.1	5.7	3.3	170.6	179.6	1,361.7	13.2
1970	640.1	503.0	27.6	1,170.7	10.6	3.2	189.2	203.1	1,373.8	14.8
1971	662.5	515.2	17.5	1,195.2	11.2	4.6	204.2	220.1	1,415.3	15.6
1972	664.2	534.5	13.4	1,212.1	12.7	8.9	187.0	208.6	1,420.7	14.7
1973	703.4	533.1	13.8	1,250.3	20.4	30.7	196.2	247.4	1,497.7	16.5
1974	652.2	518.8	25.0	1,196.1	23.1	47.7	196.6	267.4	1,463.5	18.3
1975	670.6	510.1	26.0	1,206.7	24.4	46.7	199.6	270.7	1,477.4	18.3
1976	634.0	489.6	17.4	1,141.0	30.8	37.9	185.1	253.8	1,394.8	18.2
1977	608.2	494.8	19.6	1,122.6	55.0	85.4	211.5	351.9	1,474.5	23.9
1978	584.1	502.8	21.1	1,108.0	60.1	89.1	207.6	357.0	1,465.0	24.4
1979	563.1	498.5	23.6	1,085.2	84.8	113.6	204.6	403.2	1,488.4	27.1
1980	529.4	477.6	18.6	1,025.6	72.7	136.9	202.6	412.2	1,437.8	28.7
1981	488.6	463.9	27.9	980.6	63.3	109.7	207.2	380.3	1,360.9	27.9
1982	478.6	444.1	26.0	948.6	103.1	141.3	207.5	452.3	1,400.9	32.3
1983	441.6	388.7	29.7	860.0	94.4 4/	135.0 4/	195.6	425.2	1,285.2	33.1
1984	454.2	402.6	28.7	885.5	120.1 4/	163.8 4/	196.6	480.6	1,366.3	35.2
1985	476.6	424.9	26.0	927.4	151.0 5/	137.8 5/	196.6	485.6	1,413.0	34.4
1986	479.6	401.8	23.9	905.3	176.6 5/	120.4 5/	227.4	524.4	1,429.7	36.7
1987	537.2	478.1	24.8	1,040.2	209.7 5/	162.4 5/	212.2	584.4	1,624.6	36.0
1988	522.1	414.3	21.4	957.8	146.5 5/	117.9 5/	192.0	456.4	1,414.2	32.3
1989	506.7	445.7	22.7	1,035.1	109.0 5/	139.9 5/	210.2	459.2	1,494.3	30.7
1990	609.0	474.9	16.8	1,098.2	141.2 5/	134.9 5/	237.6	513.7	1,611.9	31.9
1991	471.2	432.2	16.4	919.9	137.6 5/	165.6 5/	183.2 4/	486.5	1,406.4	34.6
1992	508.7	384.8	13.9	907.4	217.3 5/	178.8 5/	212.2 4/	608.3	1,515.7	40.1
1993	433.4	399.4	11.8	844.6	193.3 5/	199.6 5/	177.2 4/	570.1	1,414.7	40.3
1994	569.2	468.1	12.7	1,021.8	170.5 5/	161.0 5/	191.6 4/	523.3	1,545.1	33.9
1995	530.6	386.1	8.1	924.8	162.5 5/	148.6 5/	196.7 4/	507.8	1,432.6	35.0
1996	556.1	446.3	6.6	1,008.9	211.5 5/	206.4 5/	196.5 4/	614.4	1,623.3	37.8
1997	541.0	379.2	8.1	928.3	226.5 5/	229.7 5/	198.4 4/	654.6	1,582.9	41.4
1998	492.1	351.6	7.0	850.8	200.5 5/	178.9 5/	150.4 4/	529.8	1,380.6	38.4
1999	435.2	308.2 6/	6.0 6/	749.5	211.6 5/	184.7 5/	206.4 4/	602.7	1,352.2	44.6

1/ Marketing year beginning October 1. 2/ Imports for consumption (duty paid) of leaf, scrap, and manufactured and unmanufactured (beginning 1980)

prorated according to reported stocks of imported flue-cured and burley. 3/ Imports for consumption of Oriental leaf and scrap. 4/ General imports adjusted for stock change. 5/ Volume inspected by Agricultural Marketing Service adjusted for stock change. 6/ Estimated.

Table A-4—Imported foreign-grown cigarette leaf stocks, by quarters, 1986-2000

Year	Jan. 1	Apr. 1	July 1	Oct. 1	Jan. 1	Apr. 1	July 1	Oct. 1
Million pounds 1/								
---Foreign-grown flue-cured---				---Foreign-grown oriental and aromatic---				
1986	231	217	256	251	346	391	375	340
1987	211	225	223	215	380	427	425	392
1988	193	199	196	212	400	376	349	296
1989	197	178	183	199	390	332	334	293
1990	181	170	186	202	325	348	339	296
1991	185	169	185	198	313	331	341	326
1992	194	191	231	269	396	405	401	356
1993	259	241	286	298	334	369	385	354
1994	277	276	296	287	350	330	349	352
1995	339	352	331	352	342	342	328	280
1996	364	391	391	406	306	428	332	306
1997	400	384	451	435	323	352	369	334
1998	434	406	416	395	335	356	352	339
1999	377	352	350	341	344	328	329	292
2000	352	302	300		295	271	261	
---Foreign-grown burley---				---Total imported cigarette leaf---				
1986	258	248	251	250	836	856	894	841
1987	240	232	225	199	831	884	873	805
1988	195	175	166	159	787	750	713	667
1989	171	157	170	151	696	667	687	643
1990	153	154	146	167	656	672	675	664
1991	166	159	180	228	664	660	710	752
1992	235	224	230	247	825	820	862	872
1993	259	285	296	319	866	895	969	972
1994	295	281	292	295	922	887	936	934
1995	323	326	296	305	1,003	1,019	957	937
1996	312	298	290	311	996	1,128	1,024	1,032
1997	310	221	325	374	1,043	966	1,156	1,154
1998	368	325	300	325	1,145	1,097	1,079	1,070
1999	315	297	280	286	1,046	988	970	930
2000	303	281	265		955	866	840	

1/ Farm-sales weight.

Table A-5—Estimated disappearance of U.S.-grown and imported cigar tobacco, 1969-1999 (farm-sales weight)

Year beginning July 1 1/	Domestic	Foreign-grown 2/	Total disappearance	Foreign-grown 2/
		Million pounds		Percent
1969	94.9	81.3	176.2	46.1
1970	84.8	92.8	177.6	52.3
1971	88.5	97.2	185.7	52.3
1972	77.1	103.8	180.9	57.4
1973	72.6	141.1	213.7	66.0
1974	62.8	107.3	170.1	63.1
1975	55.4	112.5	167.9	67.0
1976	53.7	117.2	170.9	68.6
1977	50.0	131.2	181.2	72.4
1978	53.2	67.8	121.0	56.0
1979	53.8	66.1	119.9	55.1
1980	52.5	79.3	131.8	60.2
1981	56.1	70.4	126.5	55.7
1982	47.3	65.6	112.9	58.1
1983	45.2	79.1	124.3	63.6
1984	42.5	69.5	112.0	62.1
1985	41.3	56.1	97.4	57.6
1986	47.2	47.2	94.4	50.0
1987	42.9	57.6	100.5	57.3
1988	31.4	39.5	70.9	55.7
1989	31.6	42.9	74.5	57.6
1990	31.9	51.4	83.3	61.7
1991	28.1	79.2	107.2	73.9
1992	26.2	82.9	109.1	76.0
1993	26.4	74.6	102.5	72.8
1994	26.4	76.5	104.2	73.4
1995	23.1	79.9	103.0	77.6
1996	26.7	80.0	106.7	75.0
1997	19.4	89.7	109.1	82.2
1998	22.0	87.0	109.0	79.8
1999 3/	23.1	103.2	126.3	81.7

1/ Marketing year beginning July 1 except beginning October 1 for domestically grown filler and binder. 2/ Imports for consumption (leaf and scrap).

3/ Preliminary.